Frequently Asked Questions

MAY 2016

GENERAL Q & A

Q: What is an "Independent Film"?

A: An Independent Film means a production of a film with a running time of at least 75 minutes intended for commercial distribution to a motion picture theater, home video, television or via the internet. It must have a minimum budget of $1 million and be produced by a company that is not publicly traded and a publicly traded company does not own directly or indirectly more than 25% of the producing company. Only independent films can sell their tax credits.

Q: If I had a project in the old program, shot one day, but didn't finish the project (making it ineligible for the old program), would it be eligible for the new program?

A: Since the 2.0 program is a completely different program, you are eligible to submit an application for the project in the new 2.0 program.

Q: If principal photography cannot begin prior to receiving a Credit Allocation Letter (CAL) approval, what about pre-production spending?

A: Pre-production spending before the CAL approval would not qualify for tax credits, but is certainly allowed.

Q: Can a production begin principal photography outside of California before receiving a Credit Allocation Letter (CAL)?

A: A production may begin filming outside of California prior to receiving a CAL. Principal photography in California before the CAL date would disqualify the project from the program.

Q: If we spend less money than our estimated credit amount, will we be penalized?

A: No, there is no penalty if your budget decreases, but you may be penalized if your Jobs Ratio is reduced after an audit of all your expenditures. Pease refer to our Guidelines, Section XII, for more information.

Q: If our budget goes up, would we be eligible for the additional amount?

A: No, productions are capped by the amount on the Credit Allocation Letter.

Q: Can you define "Estimated Total CA 2ND Unit/Stunt/VFX Days"? For example, if we have $45k per episode for 2nd unit, I was counting this as one day per episode, correct? However, this is a 2nd not a separate full shoot day.

A: These days do not qualify for bonus points so an exact count is not crucial.

Q: Does 2nd unit or VFX work count as a principal photography day?

A: "Principal photography days" means the number of days shot by the principal unit with the director and lead actors present. "Principal photography days" in California does not include the filming of primarily backgrounds, visual effects, action and or/crowd scenes by the second, stunt or visual effects units.

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Q: Will the Narrative Statement on why we would like to shoot in California versus another location be used to make a decision on whether a production will be granted approval for tax credits?

A: No; however, a Detailed Narrative Statement will be requested in Phase 2 of the application process – It is a written statement which describes the extent to which the credit is expected to influence the choice of filming locations with respect to financial considerations. The statement should include other locales which would be considered in the absence of a tax credit.

Q: In terms of what projects get accepted or not, if 50 projects apply, and 10 are accepted am I correct that these are the projects with the highest Jobs Ratio figures?

A: The projects are ranked by Jobs Ratio in their categories with the highest Jobs Ratios to receive a tax credit reservation. Recurring television series and series based on pilots previously accepted into the program have priority within the television category.

Q: Regarding the insurance statement on proration of premiums for qualified dates, is there a specific way that dates are prorated? Is it based on calendar days of policy or is it based on overall shoot days?

A: Insurance premiums are usually prorated 10% for pre-production, 70% for production and 20% for post-production. Alternatively, applicants may request a statement from their insurance brokers which would state the amount of premium proration.

Q: The program requires independent projects to spend a minimum of $1 million. Does the minimum spend of $1 million mean total budget or California only budget?

A: The $1 million minimum spend refers to Qualified and Non-Qualified expenditures in California. So ATL talent, although a non-qualified expenditure, would count toward your total production budget as long as their services are provided in California.

Q: Are half-hour TV series eligible to apply for the California tax credit? Once they are in the program, are they eligible to stay in the program each year until the show is cancelled?

A: Only relocating shows with a minimum episode budget of $1 million that have a running time of less than 40 minutes can to apply for the California Tax Credit Program. Once in the program, the series will become a recurring series and receive a 20% tax credit as long as credits are available.

Q: Is a stop motion project eligible to apply to the tax credit program?

A: Yes, stop motion projects are eligible for the Tax Credit Program as stop motion photography is not part of the animation exclusion. Note: Projects cannot begin principal photography prior to acceptance and production must be completed within 30 months from the date the credit allocation letter is issued.

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APPLICATION Q & A

Q: Regarding the 75% spend test: What if I am shooting a portion of the film in another state?

A: Wages, goods and services must be prorated proportionately to accurately estimate your California spend. Wages, rented or purchased items such as camera equipment, self–drive cars, production trucks, picture cars and the like must all be prorated if they will be used out of state for a portion of the schedule. Remember that the 75% spend test is based on total production spend – not just qualified expenditures.

Q: Why do I need to provide proof of funding?

A: The production company must show a viable plan to finance the production with evidence that it has at least 60% of the financing in place. The application requires a detailed listing of your funding sources and verification of this funding must be included. Acceptable forms of documentation include financing agreements with signed letter(s) on letterhead from your investor(s), stating the amount of funds secured from the investor along with a bank or brokerage statement which verifies the funds are on hand. If you have concerns regarding confidentiality, please call the CFC to discuss.

Q: Can I use a foreign production company taxpayer ID number? My project is an independent production and we would be transferring the credits.

A: A foreign corporation will need to register to do business in the state and obtain a California ID number issued by the California Secretary of State. Here is the link to their website: http://www.sos.ca.gov/business/be/faqs.htm#form-question7

Q: If my project is on the waitlist, can I revise my budget and credit estimation?

A: The initial credit reservation cannot be increased, but a budget and corresponding schedule may be modified to more accurately reflect the anticipated production plan.

Q: I understand that the contingency amount of up to 10% of all qualified expenditures can be added to the budget when figuring out the tax credit amount. Does the contingency get tagged as expenditures or can some of it be tagged as wages?

A: Neither. Contingencies need to be set up as a contractual charge in the qualified expenditure budget – not a line item.

PRODUCTION COMPANY FORMATION Q & A

Q: Two different companies are financing my film and both members are partners in the production company. Both of them have a tax liability in the state. Do I need to provide the tax ID for both?

A: We accept only one taxpayer ID on the application, which should be the tax ID of the company that is formed to produce the project. One thing to be aware of, however, is the disproportionate allocation rules governed by the IRS. California conforms to IRS code section 704(b). Applicants should consult their tax advisors with respect to allocating credits to investing entities.

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Q: The project we are budgeting is below $10M. We are setting up a separate LLC for this project which will be a subsidiary of a publicly traded company. The LLC will not be publicly traded however. Would this project qualify for the 25% credit? Could we then "sell" or transfer the tax credits to the publicly traded company for their tax liability in California?

A: No. If the LLC is owned wholly or partially (over 25%) by the publicly traded company, the project will only qualify for a 20% credit. In this case credits cannot be sold, but the LLC may assign its credits to an affiliate.

TELEVISION/INTERNET PROJECTS Q & A

Q: Can I submit an application for a pilot even if it's cast contingent?

A: The new regulations require that a pilot must have a pick-up order specifying the number of episodes to qualify.

Q: The script supervisor's lined script is now a requirement that must be submitted with final documentation. For a TV series, how many episodes of the script supervisor's lined script are required?

A: When submitting final documentation, a copy of the lined scripts for episodes #2 and #5 must be included (uploaded).

Q: Could a mini-series fall under an independent film even if it's TV?

A: Independent films require a running time of at least 75 minutes or more with a minimum budget of $1 million dollars. A mini-series would fit this description if each episode had a minimum running time of at least 75 minutes.

Q: If we apply as a pilot and the pilot is selected, would we need to apply separately for the series, (assuming we get a pick-up order)?

A: Yes, you would need to apply for the series with a separate application during a TV allocation period. A series based on a pilot in the program will get priority over new applications in the selection process.

Q: How would a mid-season additional episode order be treated? Let's say there is a 10 episode order that qualifies for credit, then mid-season more episodes are ordered?

A: Television producers can apply for tax credits for additional episode orders in the TV allocation period prior to when the producers anticipate receiving a pick-up order. A Credit Allocation Letter will not be issued until a pick-up order is confirmed. As a recurring TV series, the additional episode order will have priority over new applicants.

Q: What about season to season? Does a TV production have to resubmit every year for consideration for continued tax credits or is there an incumbency provision?

A: There is an incumbency provision, but producers must confirm the project is returning prior to the TV allocation period. Tax credits will be reserved but a Credit Allocation Letter will not be issued until a pick-up order has been submitted.

Q: Are copyright forms required for each episode of a series?

A: Proof of copyright registration for at least one episode per season is required.

Q: We have a straight to series show. We plan to shoot an enhanced first episode. Do the extra days for that episode qualify?

A: Yes, an enhanced episode 1 is allowed. The additional costs for the enhanced episode 1 should be specified as line items in the amortized budget.

Q: Do we need to verify distribution for TV projects?

A: For a mini-series, documentation verifying that its initial distribution on TV or internet transmission consists of 2 or more episodes with a total running time of at least 150 program minutes. For a movie of the week, documentation verifying its initial distribution on TV or internet transmission with a minimum of 75 program minutes broadcast in one part. There is no verification needed for television series.

Q: If a TV series takes a hiatus, does the hiatus apply to the existing season or also between seasons?

A: It only applies to the same season.

Q: Returning TV series and series based on a TV pilot that were accepted into the program have priority in subsequent seasons. How is that priority determined?

A: TV series approved and accepted into the program prior to January 2016 will be prioritized by the *year of original application* with the earliest allocation periods having priority. For example, a series that applied and was accepted during the May 2015 application period would have priority over a series that applied in November 2015. Both would have priority over a series that received a Credit Allocation Letter after January 1, 2016.

TV series approved and accepted into the program after January 1, 2016 will receive priority placement based on the *fiscal year of original credit allocation* (CAL), with the earliest allocation periods receiving priority over the later allocation periods.

When a company receives a CAL for a pilot, and that pilot is picked up, the series will have the same priority as a returning series according to the rule described above. Assuming other series have a similar priority, the Jobs Ratio ranking would be used (if necessary, when oversubscribed) to determine which series will receive credits.

TV series accepted into the Heritage Tax Credit Program are grandfathered into Program 2.0 and have priority over series in Program 2.0. The CFC anticipates that these old series will begin to apply for tax credits in May 2017.

Q: If a pilot is shot out of the state, can it apply as a relocating TV series?

A: No, it must apply as a new TV series. Relocating TV series must shoot a minimum of 6 episodes out of state to be considered a relocating series.

RELOCATING TV Q & A

Q: My TV series is moving from out of state. Is there a form for the relocation statement?

A: All relocating series applicants must submit a letter on letterhead stating that the tax credit provided is the primary reason for relocating. A Detailed Narrative Statement is not required if submitting this document.

Q: Are half hour shows eligible to qualify for a tax credit?

A: If the running time is less than 40 minutes, half hour TV series may apply only as a relocating TV series. The minimum episode budget is $1 million. Once in the program, the project is considered a returning TV series eligible for a 20% tax credit with priority each year as long as credits are available.

Q: If our pilot was shot outside CA and we wanted to bring the series back to LA, would that be considered a relocating series?

A: A relocating series, per the regulations, is defined as:

To qualify as a television series that relocated to California, the television series shall meet the following criteria:

1) Provide a certification from the applicant that the tax credit provided pursuant to this section is the primary reason for relocating to California.

2) Produce episodes of any program length, filmed its most recent season outside of California, and have a minimum production budget of one million dollars ($1,000,000.00) per episode.

A television season is defined as follows:

"Television Season" means the initial exhibition of a set of interrelated new television episodes lasting no less than six (6) episodes and no more than thirty (30) episodes within a period of twelve (12) months.

Therefore, a series based on a pilot which shot out of state would not qualify as a relocating series. It has to be a series that has shot a minimum of 6 episodes out of state.

JOBS RATIO & BONUS POINTS Q & A

Q: Why doesn't the contingency count toward the Jobs Ratio calculation?

A: Contingencies are not included in the Jobs Ratio calculation since they are funds that may not be spent and it is difficult to estimate wage vs non-wage. Also, many projects do not include contingencies.

Q: Is shooting on a "backlot" at an approved production facility, considered a qualified stage day and thus able to qualify for bonus points?

A: If the facility is on the approved facility listing, backlot filming will also qualify as a facility day.

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Q: I need clarity on the Jobs Ratio penalty.

A: Non-Independent Projects: If the CFC determines that the Jobs Ratio has been reduced by more than 10%, the credit will be reduced by an equal percentage, unless the CFC and the qualified applicant demonstrates reasonable cause exists for the reduction. If the Jobs Ratio has been reduced by more than 20%, the CFC shall not accept an application from that company's entire combined reporting group for one year from the date of determination.

Independent Films: If the CFC determines that the Jobs Ratio has been reduced by more than 30%, the CFC shall reduce the amount of credit allowed by an equal percentage, plus 10% of the amount of credit that would otherwise have been allowed, unless the qualified applicant demonstrates reasonable cause, and the CFC determines the reasonable cause exists for the Jobs Ratio reduction.

Q: When calculating the Jobs Ratio, can items like fringes, meal penalties, car allowances, box rentals, cell phone allowances and per diems be included as qualified wages?

A: The Budget Tagging and Tracking Tips 2.0 defines what can be considered as wage and non-wage. Of the items you listed, all are considered a wage except the box rentals and cell phone allowances/rentals.

Q: Do pension and health payments and California state income tax withholding count as qualified wages in the Jobs Ratio calculations?

A: Yes, but with the exception of the California solvency tax.

Q: If a project is using a facility outside the zone, is this eligible for Jobs Ratio bonus points – both stage and outside the zone?

A: For purposes of the Jobs Ratio bonus points, applicants must indicate the number of shooting days outside the zone and the number of facility days. Example: If a production has 5 days out of the zone that occur at a production facility, they would enter 5 days for out-of-zone and 5 days for facility when calculating the Jobs Ratio.

Q: When calculating the Jobs Ratio (on both the initial and final application), would we ignore the $100 million cap and calculate the Jobs Ratio based on the entire $130 million?

A: The Jobs Ratio calculator is programmed to limit the amount of tax credits allowed based on the qualified expenditure caps for indies and non-indies. Tax credits for Independent productions will cap out at $10 million qualified spend and non-independents at $100 million qualified spend.

FREQUENTLY ASKED QUESTIONS

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UPLIFTS Q & A

Q: Does a camera package which will be rented in Los Angeles, but brought to San Francisco for our production, qualify for the 5% uplift?

A: Tangible personal property used outside the Los Angeles zone must be purchased, rented or leased from a vendor through an office or other place of business outside the Los Angeles zone.

An "Outside Los Angeles Zone Vendor" is a supplier in the State which maintains an office or place of business outside the Los Angeles zone and is registered or qualified with the California Secretary of State; or is required to file a return with the California Franchise Tax Board under Parts 10 or 11 of the Revenue and Taxation Code and employs one or more full time employees; or is a sole proprietor working at the place of business outside the Los Angeles zone. Pass-through businesses do not qualify as an "Outside Los Angeles Zone Vendor" (Items purchased out of state which are shipped to fulfillment centers do not qualify).

Q: Independent films already eligible for a 25% tax credit are not going to get 30% with the uplift, correct?

A: Independent films and relocating TV series do not qualify for uplifts.

Q: Visual effects: Do all wages and non-wage expenses credited to VFX, including practical shooting costs, qualify for the uplift?

A: The visual effects (VFX) accounts which qualify for the uplift are mainly those concerning third party vendors providing CG asset creation. VFX Digital Artists and VFX staff (as indicated on the Qualified Expenditure Chart) who are hired directly by the production company do qualify and would be tagged as QW (qualified wage) and VU (VFX uplift). All vendor payments would be tagged QE (non-wage) and VU. The qualified expenditure charts indicate those VFX expenditures that qualify for the VFX uplift and for VFX bonus points (they are the same accounts). There is a minimum spend provision for VFX uplifts of $10 million (for all qualified VFX expenditures) OR 75% of all worldwide VFX are performed in California.

Q: Do visual effects expenditures qualify for uplift during prep and post-production periods?

A: VFX expenditures which are indicated on the Qualified Expenditure Charts as qualifying for the uplift (with VU) qualify for prep, shoot, and post.

Q: Is motion capture work considered VFX?

A: Not for purposes of the 5% uplift or bonus points. However, they should be included when calculating the percentage of VFX work incurred in California.

Q: Music – "Total Track Recording": With respect to qualifying for additional percentage points (uplift) for music track recording, is that related to the costs to create the score?

A: Yes, the uplift concerns score track recording only.

Q: Since the tax credit for non-indies is based on a cap of $100 million in qualified expenditures, is that inclusive of any uplifts?

A: The statute allows an aggregate amount not to exceed 5% of the qualified expenditures with respect to tax credits above the $20 million dollar cap, which means a non-indie could receive up to $25 million in tax credits.

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Q: Do 2nd/Stunt/VFX unit expenditures count for the 5% Out of Zone (OZ) uplift?

A: Wages for work performed out of the zone and tangible personal property purchased or rented, and used out of the zone are eligible for the uplift for both principal photography and additional units. Verification, utilizing sufficient documentation, payroll records, call sheets, time cards, etc., will be necessary.

Q: If a project is shooting in a facility outside of Los Angeles, is this eligible for uplifts?

A: Principal photography days in a production facility are eligible for bonus points, but not uplifts, regardless of where the facility is located.

Q: With respect to filming principal photography days at an approved facility, what is the minimum hours required to qualify for the bonus points?

A: Facility days are defined as days in which the shooting crew is utilizing the facility for 6 hours or more; please be sure to indicate on the production reports for verification.

Q: For a feature film that will be filming numerous motion capture days in a qualified facility with the director and cast present, are these days considered as principal photography, eligible for the bonus points?

A: Yes, principal photography days* (with the principal director and lead cast) in an approved facility are eligible for bonus points. Also, as noted on the expenditure charts, costs related to filming on a motion capture stage are qualified expenditures but do not qualify for the 5% VFX uplift.
*"Principal photography days means the number of days shot by the principal unit with the director and lead actors present. 'Principal photography days' in California does not include the filming of the primarily backgrounds, visual effects, action and or/crowd scenes by the second, stunt of visual effects units."

Q: On two separate episodes, can we double-up days when using production facility to qualify for the facility day credit?

A: No. The number of production facility days entered into the application should reflect the number of facility days on the production calendar. If the production later adds "double up" days to their schedule, and if the added days occurs at the production facility on the same day that is already counted towards a production facility day (from the originally scheduled episode,) the day at the production facility cannot be *double* counted.

OUT OF ZONE Q & A

Q: Does the extra 5% for outside the 30 Mile Zone apply to projects shot in San Francisco?

A: It applies to qualified expenses purchased or rented and utilized in San Francisco related to the applicable period: prep, shoot and strike outside the Los Angeles zone.

Q: Do permit fees that we have to obtain for only outside the Los Angeles zone locations qualify for the uplift?

A: Permit fees paid to offices within the Los Angeles zone – even if for locations outside the zone – do not qualify for the uplift.

Q: If we park the crew inside the zone and shuttle them out to the location every day, is that still considered outside the zone spend for those shooting days? I'm unsure because the website says that if a day is split between places in and outside the zone that you have to start outside the zone. In this instance, my first shooting location would be outside the zone, but their report to location would be inside the zone.

A: As long as the main unit's first scene of the day is filmed outside the zone, it will qualify as an out of zone principal photography day.

Q: Does 2nd unit work count as one day out of zone (OZ) or are OZ days only for 1st unit work that starts the day OZ?

A: Only 1st unit principal photography days count toward OZ bonus point days. OZ principal photography days must begin with filming the first scene of the day OZ to qualify.

Q: Do we need to shoot the full day out of zone to qualify for the uplift?

A: No, but the first scene of the day must be at the out of zone location.

Q: If we travel the crew to an out of zone location and shoot on the same day, would the day still count as an OZ day (even though some of the day was travel)?

A: Travel salaries out of the zone count toward the 5% uplift. You would need to shoot the first scene of the day the same day you travel to have that day count as an OZ principal photography day. Travel to an out of zone location without shooting still counts towards the 5% uplift – just not as a principal photography day OZ.

Q: If we purchase lumber out of zone, bring it into the zone to build the sets and then bring the sets out of the zone to shoot, can we qualify the lumber towards the 5% uplift?

A: The lumber would qualify for the uplift; the labor to build the sets in the zone would not.

FACILITY Q & A

Q: Do we need to shoot all day at a facility for it to be considered a facility day?

A: First unit crew must utilize a production facility for 6 hours or more for the day to be considered a production facility day.

LABOR Q & A

Q: Do productions have to be signatories to Unions, IA, Teamsters, SAG, DGA, WGA?

A: No, there are no Union or Guild requirements.

Q: Do the crew have to be California residents?

A: No. There is no residency requirement.

Q: The line producer is also the UPM. Will her wages qualify?

A: Producer hyphenates (ATL/BTL functions) are allowed a maximum of $100,000 exclusive of fringes, box rental, etc. in the UPM category; the rest of her salary is not a qualified expenditure. With respect to ATL/BTL positions in other departments, the BTL salary and rentals must be commensurate with that of other department heads at the project's budget level.

Q: Is a box rental or car allowance eligible for producers?

A: If qualified hyphenate, the rate equal to other department heads would be eligible. Otherwise, it would not qualify.

Q: If we outsource set construction to a company that breaks out labor versus materials, does the labor qualify as labor or expenditure?

A: In order for an expenditure to be considered qualified wage, the wage must be paid directly by the production company or its payroll company. Wages paid by a vendor are qualified non-wage.

Q: Are dancers considered qualified labor?

A: Yes, if they are paid as extras; if they are paid under a SAG/AFTRA talent contract, they are considered performers and do not qualify.

TRAVEL Q & A

Q: I understand that airfare outside of California does not qualify. What about travel day salary payments to qualified crew?

A: Travel day payments to crew flying out of or into California are not considered qualified expenditures.

Q: For intrastate airfare, for example Burbank to Sacramento, do we need to purchase through a California travel agent for it to qualify or can we simply purchase a ticket from the airline, Southwest for example?

A: Airfare, ancillary charges and agency fees qualify when purchased from a California travel agency for intrastate travel.

BUDGET/TAGGING/AUDIT Q & A

Q: The Application form says to submit a budget of qualifying expenditures. What's that?

A: The budget of qualifying expenditures is a budget in industry-standard format which includes only those line items which the state of California considers qualified wages and expenditures (see expenditure charts for your type of project.) Be sure to exclude non-qualifying fringes (e.g., FICA1, FICA2 [Medicare], FUI.) If you include a contingency, it can be no more than 10% of qualified expenditures. A bond fee up to 2% is allowed on the qualified spend budget.

Q: Do I have to use the same Chart of Accounts (template) as the CFC qualified expenditure charts?

A: No, but please refer to the chart applicable to your production so as to be clear what are qualified expenditures.

Q: What if the director also performs a key BTL function, such as DP or editor? Would the salary qualify?

A: The BTL salary would be considered a qualified expenditure within the bounds of either industry standard rates or on par with other key crew members on your production, whichever is the lesser of the two.

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Q: Do preview costs qualify?

A: No. Items such as preview travel, screening room rentals, projectionist, audience recruitment costs, focus group costs and any additional labor (outside of the normal picture and sound editorial crew) do not qualify.

Q: The production paid $10,000 to the bank lender toward legal fees. Is this qualified?

A: No, legal fees related to financing, distribution, litigation, or marketing are not qualified.

Q: Are internet purchases permitted?

A: Yes, with qualified back-up receipts verifying the item was purchased in California from an in-state California vendor and shipped from a California location.

Q: In regards to vendors that have a presence in California, like Staples, but their billing comes from another state, will they qualify for the California tax credits?

A: Yes. The definition of an instate vendor "…is a vendor or supplier which has an office or other place of business in California and is registered or qualified with the California secretary of state or is required to file a return with the California Franchise Tax Board under Parts 10 or 11 of the Revenue and Taxation Code." To check if a company is registered with the Secretary of State, use this link: http://kepler.sos.ca.gov/. Here are the guidelines:

1. Goods purchased or rented from an out of California business that is registered to do business in California qualify, as long as those goods are rented or purchased in California.
2. Internet purchases from on-line vendors such as Best Buy or Staples which have physical stores in California qualify as long as the goods are purchased in California (shipping label verification).
3. Goods purchased on-line that are shipped from a California fulfillment center (e.g., Amazon) would not qualify, as a fulfillment center is considered a "pass through business".

Q: The California Healthy Workplace Family Act, requires employers to provide paid sick leave to employees. Will those days be considered as qualified wages?

A: Yes. The sick days taken must be indicated on the time card as well as listed on the daily production report to qualify. Sick day pay is not, however, allowed when applying for the tax credit since it may not be paid. Please bear in mind that this requirement only goes into effect after the employee has worked at least 90 days on the production.

Q: Are Promo Dubs eligible?

A: No. Publicity related costs do not qualify.

Q: Does the contingency have to be included in the budget or can we add 10% of the QW/QE to the application only?

A: If an applicant wants to include a contingency to the direct budgeted amount, the applicant must include a contingency of no more than 10% of qualified spend as a contractual charge in the budget (not a line item). The budget total must match the total entered into application portal.

Q: We will be broadcasting our show live. How do we deal with the final element date and letter requirement?

A: Since your final element will be created at the time of the live broadcast, the date of airing will be the date used for final element creation. A letter from the producer stating that the final element was created during the broadcast will suffice; the letter must include the initial airdate.

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TAX CREDIT USAGE/TRANSFER Q & A

Q: Is there a list of available qualified California companies who can broker the tax credits?

A: A list of tax credit buyers and brokers is available upon request.

Q: Can the tax credit be used by a company with the same ownership as the production company?

A: Affiliated companies may utilize the tax credits.

CAREER READINESS Q & A

Q: How do we find interns, instructors, or schools which want to participate in the Career Readiness requirement?

A: For high school participants, contact Jack Mitchell at CFCcareerreadiness@cde.ca.gov; for community college participants, contact Dan Watanabe at askdan@ict-dm.net. The CFC is in the process of compiling a database to help match productions with nearby schools, teachers, and students. Producers can also call the CFC to inquire if we have a contact for schools in the area in which the production is based.

Q: Our production wants to make a financial contribution – how do we do that?

A: The Career Readiness website has a section for financial contributions which includes forms and copies of W9 forms for both the high school and community college funds that will be receiving the contributions. Be sure to go to the individual websites for either the high schools or community colleges for more detailed information. The filled out form and check should be mailed to one of the funds listed. The check should indicate the contribution is for the Career Readiness program and receipt requested for submittal to the CPA performing the Agreed Upon Procedures.

Q: We would like to hire interns for a craft position (grip/electric/sound/camera/etc.). Is it necessary to notify the unions?

A: Yes, when hiring interns in these categories it is strongly advised that productions contact the prevailing union to inform them of the names and dates when interns will be on set. Union crew members may not understand the situation and notify their unions that non-union workers are on set.